



INFORMATIONAL MEMORANDUM

To: Finance and Governance Committee

From: TC Croone, Chief People Officer

CC: Mayor Thomas McLeod

Date: July 28, 2025

Subject: Compensation Policy presentation follow-up

Purpose

As a follow-up to the presentation provided to the full City Council on July 14, 2025, I will be presenting additional information and responding to Councilmember questions regarding Resolution 1951 at the upcoming Finance and Governance Committee meeting on July 28.

Background

During the July 14 Council meeting, I provided an overview of the City's current Compensation Policy under Resolution 1951. The presentation highlighted challenges with the assessed value (AV) benchmark, internal equity concerns, and insights gained through recent labor negotiations and the 2023 compensation study.

Council requested further discussion on potential revisions to the resolution to ensure it remains a useful and practical tool for guiding compensation policy. This follow-up presentation will build on the feedback received and offer options for modernizing the resolution to better reflect the City's goals and labor market realities.

Next Steps

During the July 28 Finance and Governance Committee meeting, I will:

- Recap key points from the July 14 Council presentation
- Address follow-up questions
- Request guidance on next steps for potential policy updates

Attachments

- A. Resolution 1951 - Compensation Policy
- B. PowerPoint Presentation



City of Tukwila

Washington

Resolution No. 1951

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ESTABLISHING A COMPENSATION POLICY FOR CITY OF TUKWILA EMPLOYEES AND REPEALING RESOLUTION NO. 1796.

WHEREAS, the City believes that the purpose of a compensation program is to facilitate recruiting, retention, development and productivity of employees; and

WHEREAS, the City desires to utilize standardized policies, procedures and processes, wherever possible, for compensating all employee groups, both represented and non-represented; and

WHEREAS, the City recognizes that current economic conditions and forecasts, long-range City budget forecasts, and position rates for comparable jurisdictions, as well as internal equity considerations, should assist in guiding the compensation of employees; and

WHEREAS, the City has made a determination to, when economic conditions allow, review and adjust non-represented employee salaries via a market analysis to that of the average of comparable jurisdictions in even-numbered years, and to provide a cost-of-living (COLA) allowance in odd-numbered years; and

WHEREAS, the City has made a determination to, when economic conditions and negotiations allow, provide represented employees with salaries that reflect the average of comparable jurisdictions; and

WHEREAS, the City has made a determination to, when economic conditions allow, provide benefits to represented and non-represented employees that are slightly above the average of comparable jurisdictions; and

WHEREAS, the City Council will participate in setting negotiation expectations and reviewing and approving represented employee group contracts;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The following statements and processes are adopted for the purpose of guiding compensation programs for employees of the City of Tukwila.

A. Information to be provided to the City Council.

1. **For Represented Employees.** A written presentation of current internal and local external public agency salary and benefit trends, including a salary and benefits market survey of comparable jurisdictions, as defined herein, will be provided to the City Council. This presentation must be made to the Council prior to the commencement of negotiations with the bargaining units regarding salary and benefits. The City Council and Administration will discuss represented employee group negotiation expectations, negotiating points, salary and benefit change floors and/or ceilings prior to the beginning of, and at appropriate points during, negotiation sessions.

2. **For Non-Represented Employees.** A written presentation of current internal and local external public agency salary and benefit trends, including a salary and benefits market survey of comparable jurisdictions, as defined herein, will be provided to the City Council by Administration every year by the end of the third quarter that a non-represented salary increase is due. Relevant Association of Washington Cities (AWC) data from the previous year's Washington City and County Employee Salary and Benefit Survey, for the comparable jurisdictions, will be used in the salary market survey.

B. Compensation Policy.

1. All Puget Sound jurisdictions with +75/-50% of Tukwila's annual assessed valuation, using the most current data from County Assessors, will be used to create the list of comparable jurisdictions for evaluation of salary information. A second criteria to be used to refine comparable jurisdictions is to only include cities with their own police department. It is desirable to use the same comparable jurisdictions for both represented and non-represented employee groups.

2. For non-represented employees, the City desires to pay the average salary for the particular pay scale, as derived from the comparable jurisdiction data described in Section B.1. If the City's pay scale for any classification does not represent the average of comparable salary ranges (+/-5%), written justification must be provided to the City Council. For represented employees, the City desires to pay salaries that are competitive to the City's comparable jurisdictions.

3. Positions that are 5% below the market and up to 10% above the market are considered competitive with the market and will receive a market adjustment the year the survey is to occur. Those positions more than 10% above the market will not receive an adjustment during the year the market adjustment is to occur and will warrant further evaluation. Documented justification of potential reclassification will be provided to the City Council for review and approval. If the documented justification results in reclassification, any adjustments will be made in alignment with City policy.

4. The cost-of-living adjustment (COLA) in odd-numbered years for non-represented employees shall be based upon 90% of the Seattle-Tacoma-Bellevue Consumer Price Index (CPI-W) Average (June to June). It is desirable to calculate represented cost-of-living adjustments the same way, unless a different method is authorized by the Council. Considerations for cost-of-living adjustment for odd-numbered years will be based upon internal equity with represented groups to determine if an adjustment is warranted. Administration will provide a written justification documenting that an adjustment is warranted for the City Council's review and approval prior to implementation.

5. The goal of the City is to establish parity between represented and non-represented employees' benefits. The City desires to provide employee benefits that are competitive to the comparable cities described herein. The City will endeavor to keep increases to annual health care costs under market averages. If costs exceed market averages, adjustments will be made to reduce benefit costs.

6. The goal of the City is to mitigate or avoid salary compression issues where possible. An example of salary compression is when there is only a small difference in pay between employees regardless of their skills, level, seniority or experience. Administration will provide a written justification documenting that an adjustment is warranted for the City Council's review and approval prior to implementation.

7. The City Council shall review the compensation policy described herein on an annual basis to assess efficacy and make adjustments if warranted. If the Administration determines that a deviation from the above process (in its entirety or for individual positions) is necessary, it will provide justification to the City Council for review and approval prior to the adoption of any process change.

Section 2. Resolution No. 1796 is hereby repealed.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON,
at a Regular Meeting thereof this 19TH day of November, 2018.

ATTEST/AUTHENTICATED:


Christy O'Flaherty, MMC, City Clerk


Verna Seal, Council President

APPROVED AS TO FORM BY:


Rachel B. Turpin, City Attorney

Filed with the City Clerk: 11-14-18
Passed by the City Council: 11-19-18
Resolution Number: 1951



Tukwila's Compensation Policy Resolution 1951

JULY 14, 2025

Tonight's Presentation: Introduction

- Overview: Resolution 1951 and its intent
- Policy & Practice
- Our Experience: 2023 Class & Comp study, Application of Res. 1951
- Managing Salary Compression and Internal Salary Equity
- Future: Consider Policy Changes
- Council Review & Discussion

Tukwila's Employees & Classifications:

243 Represented, 37 Non-Represented

3 Unions, 8 Bargaining Units

Police

Non-commissioned

- Police Records staff
- Represented by USW

Commissioned

- Officers, Sergeants, Commanders
- Represented by Teamsters 117

Program Managers

- Courts
- Public Works
- Emergency Management

Represented by Teamsters 763

Administrative/Technical

- Court operations and support staff
- DCD inspections & permits
- Finance support
- Parks & Recreation staff
- Administrative support staff
- Represented by Teamsters 763

Maintenance/Trades

- Facilities Custodians & Techs
- Maintenance & Operations staff (Utilities)
- Fleet & Facilities staff
- Represented by Teamsters 763

Professional/Supervisory

- TIS, DCD professional staff
- Courts, Emergency Management
- Public Works Project & Program management
- Parks & Rec, Finance/Payroll Project & Program management
- Represented by Teamsters 763

Non-Represented

- Confidential administrative support
- Analysts
- Managers
- Directors & Deputy Directors
- Deputy City Administrator
- Police Chief and Deputy Police Chief

Res 1951: What's in the Policy

- **Comparable jurisdictions** to evaluate pay: Puget Sound, +75/-50% of Tukwila's assessed valuation (AV), cities with police department
- **Compensation Goals: Non-represented** - average of comparable jurisdictions or justify to Council; **Represented** - competitive to comparable jurisdictions. Avoid compression.
- **Competitive**: market adjustment for -5% market and up to 10% above market
- **COLA**: odd years (non-rep), 90% of CPI-W Average. Parity between represented and non-rep, consider internal equity; justify to Council.
- **Benefits**: goal is parity between represented and non-rep employees, competitive with comparables, keep increases below market average.
- **Information for Council**: benefit trends, market survey of comparables, negotiation expectations, updates (for **Represented** Employees, before negotiations; **Non-Rep** Employees, each year 3rd quarter)
- Annual City Council **policy review**

Res. 1951: Intent of Comp Policy

- Help recruit, retain, and develop productive employees
- Use standard approaches to compensate all employees (parity)
- Informed by economics; budget forecast; comparables; internal equity
- Adjust non-rep pay with market analysis (even years), COLA (odd years)
- Provide represented employees with pay at average of comparables as economic conditions and negotiations allow
- Provide non-rep employees with benefits above average of comparables
- Council participation: set negotiation expectations, review CBAs

Policy and Practice

Last Class & Comp Study (Non-Rep)	<ul style="list-style-type: none"> • Planned for 2020 • Postponed due to COVID and HR turnover • Completed & Implemented in 2023
Interest Arbitration (Police)	<ul style="list-style-type: none"> • Why Assessed Value is important • Objective benchmarks • Indicator of what a city can afford • Signals stability
Administration Policy 02.05.21	<ul style="list-style-type: none"> • Defines Administration and Council responsibility • Procedure for new hires, transfers, promotions, reclassifications

Our Experience

2023

- Completed & Implemented Class and Comp Study for non-reps only

2024

- Negotiated 7 of 8 contracts
- Used AWC data for market compensation benchmarks
- Presented to council via Closed Sessions to get authority

2025

- Negotiation for 1 contract pending
- Potential rollover to 2026 of 4 contracts – Teamsters 763
- Class & Comp studies for Non-Rep and Teamsters 763 will begin, per Res. 1951

Our Experience – 2023 Class & Comp Study

Study was for non-represented employees

Delayed from 2020 due to COVID and HR turnover

Goals: Ensure that salaries aligned with market competitors; eliminate the Decision Band Method (DBM) of determining salaries and pay grades

Implemented salary changes in Dec. 2023, funded with mid-biennium budget adjustment

Study recommendations: 7-step compensation schedule, point factor system, built from average of market, don't use AV, designed to minimize compression, separate schedule for Deputy Chief, Chief, City Administrator

Our Experience – Pros & Cons of Res. 1951

What has worked well

- Authorization from council prior to negotiations gives clarity and guidance
- Benchmarking both AV cities based upon Res. 1951 and Valley cities

Challenges

- Using only AV cities based upon Res. 1951
- Required frequency of comp studies
- Updating outdated job classifications, descriptions, together with conducting compensation studies
- Adhering to Policy 02.05.21 for new hires
- Salary compression, internal equity is still unbalanced
- Calculating comps manually
- Transparency to Council

Salary Compression

Salary Compression – Employees at pay rates close to, or sometimes higher than, what long-term employees or supervisors earn.

How do we manage it? Regularly review and adjust compensation structure to keep pay equitable across roles and experience levels.



Internal Salary Equity

What is it?

- Employees are paid fairly compared to others based on job responsibilities, experience, and performance.
- Similar pay for similar work

How do we manage it?

Regularly review pay across roles to ensure employees in similar positions with comparable experience and performance are compensated fairly.

Needs clear job descriptions, consistent evaluation, structured pay ranges, management accountability.

Internal Equity



Comparable Jurisdictions

Comparable jurisdictions based upon Assessed Value (AV)			Valley Cities that are geographically near Tukwila		
Edmonds	Lakewood	Lynnwood	Auburn	Des Moines	
Marysville	Mukilteo	Mill Creek	Federal Way	Kent	
Lake Stevens	Issaquah	Bothell			
	Puyallup				Renton

Potential Policy Changes

- Remove Council reclassification approval - align with City policy
- Challenges meeting current policy: frequency of/time needed for market studies, timing for council reports and COLA
- Compensation data always a year behind
- Total cost of compensation vs. pay
- Update comparable cities: expand criteria beyond AV, include geography of neighbors (surrounding/Valley Cities)
- Better job classifications for comparison and job matching
- What would be part of an ideal policy?
- **Council Discussion & Questions**